



Dr.G.R.Damodaran College of Science

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II B.COM (CS) [2016-2019] BATCH
SEMESTER III

CORE:COMPANY LAW AND SECRETARIAL PRACTICE - I -305C
Multiple Choice Questions.

1. What is known as a charter of a Company?

- A. Memorandum of Association
- B. Bye laws
- C. Articles of Association
- D. Prospectus.

ANSWER: A

2. The name of a company can be changed by_____.

- A. an ordinary resolution
- B. a special resolution
- C. . the approval of the union government
- D. a special resolution and with the approval of the central government

ANSWER: D

3. The _____ defines the scope of a companys activities.

- A. prospectus
- B. statutory declaration
- C. memorandum of association
- D. articles of association

ANSWER: C

4. . _____ contains a model form of memorandum of association of a company limited by shares.

- A. Table A.
- B. Table B.
- C. Table C.
- D. Table D.

ANSWER: B

5. Mark out the type of alteration that is permitted in the articles of association_____.

- A. that may not be in the companys interest .
- B. that is contrary to the provisions of the companies act.
- C. that increases a members liability without his written consent .
- D. that is consistent with the memorandum of association .

ANSWER: D

6. . _____ companies must have their own Articles.

- A. Government companies.
- B. Unlimited companies.
- C. Companies limited by shares.
- D. Registered companies.

ANSWER: B

7. Which of the following companies must file a statement in lieu of prospectus?

- A. A private limited company .
- B. A cooperative society .
- C. A company that has issued a prospectus .
- D. A public company that has not issued a prospectus .

ANSWER: D

8. Any person dealing with a company is deemed to have knowledge of its _____.

- A. memorandum of association.
- B. articles of association .
- C. both memorandum of association & articles of association
- D. prospectus.

ANSWER: C

9. The rules and regulations for the internal management of a company are contained in its ____.

- A. prospectus .
- B. annual report .
- C. memorandum of association .
- D. articles of association .

ANSWER: D

10. The articles of association establish the relationship between_____.

- A. the company and its members .
- B. the company and outsiders.
- C. the company and its members and members inter .
- D. the company and other companies .

ANSWER: C

11. . Mark out the document that need not be prepared and registered with the registrar of companies in public limited companies.

- A. statutory declaration
- B. memorandum of association .
- C. articles of association .
- D. d. directors undertakings to take up and pay for qualification shares.

ANSWER: C

12. Which of the following documents may be changed with retrospective effect?

- A. Memorandum of association
- B. prospectus .
- C. Articles of association .
- D. Statement in lieu of prospectus

ANSWER: C

13. The objects clause of the memorandum of association can be altered by a/an_____.

- A. ordinary resolution
- B. special resolution
- C. special resolution and confirmation by Registrar of companies
- D. special resolution and confirmation by the company Law Board

ANSWER: D

14. If the articles of association do not authorize a change in capital then to alter the companys capital _____.

- A. . table A may be adopted .
- B. . the articles may be ignored as they are not legally binding
- C. the articles should be altered .
- D. permission is to be got from the registrar of companies.

ANSWER: C

15. The articles of association can be altered by _____.

- A. a resolution of the board of directors .
- B. an ordinary resolution in general meeting .
- C. a special resolution in general meeting .
- D. obtaining permission from the company law board .

ANSWER: C

16. With regard to the internal proceedings of a company, any outsider dealing with the company is entitled to assume that _____.

- A. everything has been done regularly
- B. nothing has been done regularly .
- C. he must enquire into the regularity
- D. he need not to enquire regularly.

ANSWER: A

17. . The principle that so far as the companys internal working is concerned , strangers dealing with the company are entitled to assume that everything has been regularly done has been laid down in the _____.

- A. doctrine of indoor management .
- B. principle of constructive notice.
- C. principle of management by exception .
- D. management by objectives.

ANSWER: A

18. The directors of a company had issued a bond to kiran. The directors were authorized to issue such a bond, provided a resolution was passed to that effect. No such resolution had, however, been passed in this case. Kiran could still recover the amount of the bond owing to the operation of the _____.

- A. principle of constructive notice
- B. doctrine of indoor management
- C. principle of management by exception
- D. certificate of notice.

ANSWER: B

19. A foreign company means a company incorporated _____ India and having a place of business _____ India .

- A. outside, outside.
- B. in, in .
- C. in , outside .
- D. outside, in .

ANSWER: D

20. A/an _____ may become a director of a company.

- A. partnership firm .
- B. person of unsound mind .
- C. individual .
- D. body corporate .

ANSWER: C

21. How many directors of a public company, unless the articles provide otherwise, must be appointed by the company in general meeting

- A. All the directors .
- B. One half of the directors .
- C. Two-thirds of the directors .
- D. Three-fourths of the directors .

ANSWER: C

22. The _____ constitute the top administrative organ of the company. .

- A. general manager .
- B. shareholders.
- C. board of directors .
- D. advisory panel .

ANSWER: C

23. How many directors must a company deemed to be a public company as per Sec. 43A have ?

- A. Two .
- B. Five.
- C. Seven.
- D. Ten .

ANSWER: A

24. As per the companies Act, what is the maximum number of directors a public Company can have ?

- A. Four.
- B. Ten.
- C. Fifty .
- D. No limit is prescribed.

ANSWER: D

25. Who/what appoints the first directors of a company ?

- A. The shareholders in general meeting .
- B. The Registrar of companies .
- C. The articles of association .
- D. The promoters .

ANSWER: D

26. Separate legal entity means _____.

- A. limited liability.
- B. not separate from its members.
- C. Separate from its members.
- D. common seal.

ANSWER: C

27. A directors election takes place in a general meeting through a separated Resolution passed by a _____majority.

- A. single .
- B. two-thirds.
- C. three-fourths.
- D. five-sixths .

ANSWER: A

28. Which of the following is beyond the powers of the board of directors ?

- A. To issue debentures .
- B. To make loans .

- C. To remit the payment of any debt due by a director .
- D. to issue prospectus.

ANSWER: C

29. The shareholders at a general meeting can remove_____.

- A. a director representing the debentureholders interest .
- B. a director of a private company holding office for life on april 1,1952.
- C. a director appointed by the union government under sec. 408
- D. an additional director appointed by the board of directors

ANSWER: D

30. Where a company has three directors , the maximum remuneration payable to all of them is _____% of the annual net profit

- A. 5.
- B. 10.
- C. 20.
- D. 25.

ANSWER: B

31. . Holding company means a company _____.

- A. which holds other company.
- B. a government company.
- C. a chartered company.
- D. a subsidiary company.

ANSWER: A

32. A part from the board of directors, a company can have_____.

- A. only a manager.
- B. only a managing director .
- C. both a manager and a managing director .
- D. either a manager or a managing director .

ANSWER: D

33. What is the maximum term of appointment of a managing director of a public Company ?

- A. Two years at a time .
- B. Five years at a time .
- C. Ten years at a time .
- D. Lifelong .

ANSWER: B

34. A person cannot act as managing director of more than _____ company /companies at a time.

- A. one .
- B. two .
- C. four.
- D. five.

ANSWER: B

35. A prospectus refers to any document that_____.

- A. invites deposits from the public .
- B. invites offers for the purchase of shares from the public .
- C. invites offers for the subscription of shares and debentures from the public .
- D. all of the above.

ANSWER: D

36. A public corporation denotes a _____.

- A. private limited company .
- B. public company .
- C. government company .
- D. statutory corporation .

ANSWER: D

37. The partnership entity may be regarded as _____.

- A. a legal entity .
- B. an accountable entity .
- C. both a legal and accountable entity .
- D. neither a legal nor an accountable entity .

ANSWER: D

38. The amount of minimum subscription may be learnt from the _____.

- A. prospectus.
- B. memorandum of association.
- C. articles of association .
- D. records of general meetings .

ANSWER: A

39. When can a private company commence business ?

- A. at any time .
- B. after applying for registration.
- C. after obtaining the certificate of incorporation.
- D. after obtaining the certificate of commencement of business .

ANSWER: C

40. The doctrine of constructive notice implies that _____.

- A. every person dealing with the company is deemed to have notice of the documents filed
- B. with the registrar of companies
- C. regularity of proceedings need be enquired into a notice of a weeks period is to be given for every exchange of correspondence
- D. indoor management

ANSWER: A

41. Table A is contained in schedule _____ of Indian companies Act.

- A. I.
- B. II.
- C. IV.
- D. X.

ANSWER: A

42. An exception to the doctrine of constructive notice is _____.

- A. the doctrine of ultra vires .
- B. the doctrine of indoor management .
- C. lifting the corporate veil .
- D. the doctrine of ultra vires in Articles of Association.

ANSWER: B

43. Protection can be claimed under the doctrine of constructive notice if _____.

- A. the act is voidable .
- B. no inquiries are made.
- C. no inquiries are made.

D. resolution.

ANSWER: C

44. A prospectus is to be issued within _____ days of registration.

A. 30.

B. 60.

C. 90.

D. 180.

ANSWER: C

45. A letter of provide must be demanded in the transmission of shares when a person _____.

A. is declared insolvent .

B. misbehaves .

C. becomes of unsound mind .

D. has died .

ANSWER: D

46. All monies received with the application of shares are to be deposited _____.

A. with the controller of capital issues .

B. in the companys bank account

C. in a special account opened in a scheduled bank for the purpose

D. with the registrar of companies

ANSWER: C

47. .A company shall not proceed to allot shares until the beginning of the _____ day from the date of issue of prospectus

A. second .

B. third .

C. Afifth.

D. seventh.

ANSWER: A

48. A public company, having a share capital, is required to send the return of allotment to the Registrar of companies within _____ days of the allotment of shares

A. 15.

B. 30

C. 45

D. 60.

ANSWER: B

49. .The Return of document is to be filed with the Registrar in the case of _____.

A. allotment of debentures

B. reissue of forfeited shares

C. issue of shares

D. all of the above

ANSWER: C

50. .RBI is a

A. departmental organization of the union government

B. government company

C. public corporation

D. monetary authority.

ANSWER: C

51. A private company is to become a public company if its average turnover in the previous three years exceeds _____.

- A. Rs. 4 crore.
- B. Rs. 8 crore
- C. Rs. 10 crore
- D. Rs. 50 crore .

ANSWER: C

52. The doctrine of constructive notice refers to notice _____.

- A. to public in advance of issue of shares
- B. to registrar of change in objects clause
- C. to the union government regarding foreign equity
- D. to outsiders as to the contents of the memorandum and articles

ANSWER: D

53. A Person ceases to be a companys members when _____.

- A. he loses his share certificate .
- B. he becomes insolvent
- C. his share certificate is converted into a share warrant
- D. his shares are forfeited for nonpayment of call monies

ANSWER: D

54. A company is registered with a share capital of Rs. 1,00,000 divided into 1,000 Shares of Rs. 100 each. If X holds 999 shares and Y has only one share, the law would regard this as a/an _____.

- A. illegal association
- B. monopoly .
- C. partnership .
- D. private company

ANSWER: D

55. An association of 30 persons not registered under the companies Act but carrying on a business is a/an _____.

- A. illegal association
- B. partnership .
- C. private company
- D. public company.

ANSWER: A

56. Which of the following are characteristics of a company ?

- A. It has unlimited liability.
- B. It exists only in contemplation of law
- C. It has not a perpetual succession
- D. It comes to an end on the death of all its members.

ANSWER: B

57. Since a company is regarded as an entity separate from its members, _____.

- A. the property of the company is the property of its shareholders
- B. the debts of the company are the debts of its shareholders.
- C. the shareholders can enter into contracts with the company.
- D. the shareholders have insurable interest in the property of the company

ANSWER: C

58. On a share of Rs. 100 of a company, a shareholder has already paid Rs. 30. His Liability is now limited to _____.

- A. Rs. 100.
- B. Rs. 30.
- C. Rs. 70.
- D. rs.10

ANSWER: C

59. .5of the 7 shareholders of a company die. The company _____.

- A. comes to an end.
- B. does not come to an end.
- C. belongs to public company.
- D. becomes a private company.

ANSWER: B

60. .The Reserve Bank of India is an example of a _____.

- A. registered company.
- B. statutory company .
- C. chartered company .
- D. unlimited company .

ANSWER: B

61. .A company limited by guarantee and having a share capital _____.

- A. can be only a public company .
- B. can be only private company.
- C. may be both a public company or a private company
- D. can be joint stock company.

ANSWER: C

62. .A public company can be converted into a private company by passing _____.

- A. a special resolution to alter the article to include the restrictions on private companies .
- B. an ordinary resolution.
- C. a special resolution to alter the Articles and obtaining the approval of the central government
- D. by passing a special resolution and obtaining the approval of the company Law Board

ANSWER: C

63. .The liability of a shareholder in a company limited by shares is _____.

- A. unlimited .
- B. limited by guarantee.
- C. limited to the unpaid value of shares subscribed by him.
- D. none of the above.

ANSWER: C

64. A company may change its name by passing _____.

- A. a special resolution .
- B. an ordinary resolution
- C. a special as well an ordinary resolution as the case may be .
- D. a unanimous resolution of the board of directors.

ANSWER: C

65. .Where the registered office of a company is changed from one state to another a certified copy of the order of the company Law Board confirming the alteration must be filed by the company with

- _____.
- A. the Registrar of the state in which the company was originally located.
 - B. the Registrar of the state in which the registered office is shifted.
 - C. the Registrars of both the states

D. the central Government.

ANSWER: C

66. An act is said to be ultra vires a company when it is beyond the powers _____.

- A. of the company
- B. of the directors .
- C. of the directors but not the company.
- D. conferred on the company by the Articles.

ANSWER: A

67. The altered Memorandum must be filed with the Registrar within _____.

- A. 1 month of the company Law Boards order .
- B. 2 months of the company Law Boards order.
- C. 3 months of the company Law Boards order.
- D. 4 months of the company Law Boards order.

ANSWER: C

68. Which of the following companies need not have their own articles of Association ?

- A. . unlimited companies.
- B. companies limited by guarantee.
- C. private companies limited by shares.
- D. public companies limited by shares.

ANSWER: D

69. .If public company limited y shares does not have its own Articles, it may adopt _____.

- A. table a in schedule i to the act.
- B. table b in schedule i to the act .
- C. table c in schedule i to the act .
- D. table d in schedule i to the act .

ANSWER: A

70. the Articles of a company conflict with the Memorandum _____.

- A. the Articles shall prevail.
- B. the Memorandum shall prevail
- C. the directors will resolve the conflict.
- D. the court will resolve the conflict.

ANSWER: A

71. .The memorandum and Articles of a company are open to inspection by _____.

- A. the members of the company
- B. the members and creditors of the company.
- C. everybody .
- D. the Registrar.

ANSWER: C

72. .Doctrine of constructive notice means _____.

- A. notice of alteration of objects clause to the registrar .
- B. notice of change of name to members.
- C. notice to outsiders dealing with the company as to contents of memorandum and articles.
- D. simple notice.

ANSWER: C

73. .Any person who induces a company to allot shares in a fictitious name is punishable with____.

- A. a fine of Rs. 5,000.

- B. a fine of Rs. 10,000.
- C. imprisonment upto 5 years
- D. a fine of Rs. 5,000 and imprisonment upto 5 years

ANSWER: C

74. A shareholder purchased in the open market shares of a company whose prospectus contained some misstatements. He _____.

- A. can rescind the contract only but cannot claim damages.
- B. can claim damages only but cannot rescind the contract.
- C. has no remedy against the company.
- D. has remedy against the directors responsible for the issue of the prospectus .

ANSWER: C

75. A statement in lieu of prospectus is required to be issued _____.

- A. by all companies which issue shares or debentures
- B. by public companies when shares are issued among friends and relatives.
- C. by private companies as they do not issue shares to the public
- D. by all companies

ANSWER: B

76. .The underwriting commission paid or agreed to be paid must not exceed _____.

- A. 2 percent of the issue price of the shares.
- B. 2.5 percent of the issue price of the shares
- C. 5 percent of the issue price of the shares.
- D. 10 percent of the issue price of the shares.

ANSWER: C

77. A shareholder in a company_____.

- A. can be its debentureholder
- B. cannot be its debentureholder
- C. alone can become its debentureholder
- D. must also become its debentureholder within a year of being a shareholder.

ANSWER: A

78. .A Company at least 51% of whose share capital is held by the government, is called a_____.

- A. public enterprise.
- B. public company.
- C. public corporation.
- D. government company.

ANSWER: D

79. .The name of a company can be changed by _____.

- A. an ordinary resolution.
- B. a special resolution.
- C. the approval of the union government .
- D. a special resolution and with the approval of the union government.

ANSWER: A

80. .A change in a companys registered office from one state to another may be effected by_____.

- A. an ordinary resolution.
- B. a resolution of the board of directors.
- C. a special resolution
- D. a special resolution and confirmation from the company law board

ANSWER: C

81. Table A of the companies Act presents a model _____.

- A. minute book.
- B. form of balance sheet.
- C. memorandum of association.
- D. articles of association.

ANSWER: D

82. When is a company said to have been registered?

- A. when it files the memorandum of association with the registrar if companies.
- B. when it gets the certificate of incorporation.
- C. when it gets the certificate of commencement of business
- D. when it actually starts its business

ANSWER: A

83. Shares can be issued _____.

- A. at par.
- B. at discount.
- C. at premium.
- D. all of the above.

ANSWER: D

84. doctrine of ultra vires mean

- A. beyond the power
- B. no power
- C. with in the power
- D. none

ANSWER: A

85. 111. After re-issue of forfeited shares the balance of forfeited share account is transferred to _____.

- A. general reserve.
- B. profit k: loss a/c
- C. capital reserve.
- D. none of these

ANSWER: C

86. . The debenture holders of a company are companys _____.

- A. owners.
- B. creditors.
- C. customers.
- D. all of these .

ANSWER: B

87. . A company secretary has to be _____.

- A. firm or body corporate
- B. registered with securities. and exchange board of India (sebi).
- C. person with desired professional degree
- D. part of any secretarial agency

ANSWER: C

88. Annual General Meeting can be called by _____.

- A. anaging director.
- B. shareholders.
- C. board of directors.

D. company secretary.

ANSWER: D

89. A share certificate is required to be signed by_____.

A. company secretary.

B. two directors.

C. two directors and company secretary.

D. all directors and company secretary.

ANSWER: C

90. A secretary should have sound knowledge of_____.

A. company law.

B. tax laws.

C. labour laws.

D. all of these.

ANSWER: A

91. The duties of Company Secretary s regarding company meetings are restricted upto_____.

A. before company meeting.

B. during company meeting

C. after company meeting.

D. In all the above situations.

ANSWER: D

92. . Transmission of shares takes place in the following case_____.

A. sale of shares.

B. theft of shares.

C. operation of any law.

D. all of these.

ANSWER: C

93. A shareholder in a company_____.

A. can be its debentureholder.

B. cannot be its debentureholder.

C. alone can become its debentureholder.

D. must also become its debentureholder within a year of being a shareholder

ANSWER: B

94. .A private company _____ issue deferred shares with disproportionate voting rights.

A. can ony

B. can.

C. cannot.

D. can with the prior approval of the government.

ANSWER: A

95. The name of a company can be changed by_____.

A. an ordinary resolution.

B. a special resolution

C. the approval of the union government .

D. . a special resolution and with the approval of the union government.

ANSWER: A

96. .A change in a companys registered office from one state to another may be effected by_____.

A. an ordinary resolution.

- B. a resolution of the board of directors.
- C. a special resolution.
- D. a special resolution and confirmation from the company law board

ANSWER: C

97. .When is a company said to have been registered?
- A. when it files the memorandum of association with the registrar if companies
 - B. when it gets the certificate of incorporation
 - C. when it gets the certificate of commencement of business
 - D. when it actually starts its business.

ANSWER: A

98. how many types of preference shares

- A. 8
- B. 7
- C. 6
- D. 5

ANSWER: A

99. Shares can be issued_____.

- A. at par.
- B. at discount.
- C. at premium.
- D. all of the above.

ANSWER: D

100. a company (amemendent0 passed on the year

- A. 1988
- B. 1989
- C. 1986.
- D. 1985

ANSWER: A

101. . The debenture holders of a company are companys_____.

- A. owners.
- B. creditors
- C. customers.
- D. all of these

ANSWER: B

102. . A company secretary has to be_____.

- A. firm or body corporate.
- B. registered with securities and exchange board of india (sebi).
- C. person with desired professional degree
- D. . part of any secretarial agency.

ANSWER: C

103. Annual General Meeting can be called by_____.

- A. managing director.
- B. shareholders.
- C. board of directors.
- D. company secretary.

ANSWER: D

104. A share certificate is required to be signed by _____.

- A. company secretary.
- B. two directors
- C. two directors and company secretary.
- D. all directors and company secretary.

ANSWER: C

105. . Company Secretary should have sound knowledge of _____.

- A. company law.
- B. tax laws
- C. labour laws.
- D. all of these.

ANSWER: A

106. . The duties of Company Secretary s regarding company meetings are restricted upto _____.

- A. before company meeting
- B. during company meeting
- C. after company meeting.
- D. In all the above situations

ANSWER: D

107. .Transmission of shares takes place in the following case

- A. sale of shares.
- B. theft of shares
- C. operation of any law.
- D. all of these

ANSWER: C

108. Economic oligarchy, fraudulent practices, bureaucratic management and difficulty in formation are the limitations of a _____.

- A. sole proprietary concern.
- B. partnership firm .
- C. joint stock company.
- D. co-operate society.

ANSWER: C

109. A company can invest money in another company only if it is so authorized by its _____.

- A. memorandum of association
- B. articles of association
- C. auditors
- D. company secretary.

ANSWER: B

110. Which of the following is not feature of a private companies act?

- A. Limitation of the number of the number of its members.
- B. Restriction on the right to transfer its shares.
- C. Ban on floating of debentures
- D. Prohibition of any invitation to the public.

ANSWER: C

111. According to the companies act, which one of the following companies can commence allotment of shares even before the minimum subscription is subscribed or paid?

- A. Chartered company.
- B. Private company.

- C. Government company
- D. Public limited company

ANSWER: B

112. Which of the following reports is to be placed before the parliament by a government company?

- A. Directors report.
- B. Annual report.
- C. Income report.
- D. Statutory report.

ANSWER: B

113. . Share premium received by issuing shares can be used for _____.

- A. payment of dividend
- B. issue of bonus share.
- C. remuneration to management.
- D. any business purpose

ANSWER: B

114. . Which of the following is the joint stock company as per companies act, 1956?

- A. a charitable trust
- B. a partnership firm with fixed capital
- C. a society with fixed reserve fund.
- D. a partnership firm.

ANSWER: D

115. . Which of the following document is known as doctrine of constructive notice?

- A. The prospectus of the company
- B. The certificate of commencement of business.
- C. The memorandum and the articles of association.
- D. List of working directors.

ANSWER: C

116. Under the companies act, which of the following powers can be exercised by the board of directors?

- A. Power to sell any of the companies undertaking
- B. Power to make call.
- C. Power to borrow money in excess of the paid up capital.
- D. Power to reappoint on auditor

ANSWER: B

117. Which one of the following statements regarding the rights, duties and liabilities of a company secretary is correct?

- A. A company secretary does not have access to the books of accounts of the company.
- B. Remuneration of a company secretary is taken into account for the purpose of calculating the overall managerial remuneration under section 198 of the Companies Act.
- C. A company secretary is liable for any misstatement made in the prospectus
- D. A company secretary is responsible for signing various returns and statements and filing the same with the Registrar of Companies

ANSWER: D

118. . The liability of shareholders of a public company is limited to the _____.

- A. paid up value of shares
- B. nominal value of shares
- C. extent of their private assets
- D. amounts called up.

ANSWER: D

119. Which one of the following statements is not connected with the conversion of shares into stock and reconversion into shares?

- A. Only shares that are fully paid up can be converted into stock.
- B. Articles of Association shall permit such conversion through a special resolution
- C. Conversion can take place by passing an ordinary resolution as provided in the Article
- D. Memorandum of Association shall permit such conversion.

ANSWER: D

120. When a person transacts with a company on a matter which is beyond the power of the company, the person will be governed by the doctrine of _____.

- A. indoor management.
- B. self-assessment
- C. constructive notice.
- D. management by exception.

ANSWER: C

121. . Rights shares means the shares which are _____.

- A. issued to the directors of the company
- B. first offered to the debentureholders
- C. first offered to the existing shareholders
- D. issued by a newly formed company

ANSWER: C

122. . Nominal share capital is _____.

- A. that part of the authorised capital which is issued by the company.
- B. the amount of capital which is actually applied for by the prospective shareholders.
- C. the maximum amount of share capital which a company is authorised to issue.
- D. the amount actually paid by the shareholders.

ANSWER: C

123. . Investment in which of the following is most risky?

- A. equity shares .
- B. preference shares
- C. debenture.
- D. Land.

ANSWER: A

124. . In which of the following, interest and dividend is payable even if the company does not earn profit?

- A. equity capital
- B. preference capital.
- C. debentures.
- D. bonds

ANSWER: C

125. A manager with a share in the profits _____.

- A. is only a servant of the firm.
- B. becomes a partner by the operation of law.
- C. becomes a partner by implied agreement.
- D. becomes a partner from status

ANSWER: A

126. When a partner is guilty of fraud or negligence within the scope of his authority _____.

- A. only he will be liable for his acts.
- B. he can be expelled if he refuses to assume liability.
- C. all partners are liable if there is an agreement to this effect.
- D. all partners are liable even if there is no agreement to his effect

ANSWER: D

127. . Debentures cannot be _____.

- A. irredeemable debentures.
- B. participating debentures
- C. registered debentures
- D. earear debentures

ANSWER: B

128. Control of management of the company mainly vests in _____.

- A. equity shareholders.
- B. preference shareholders
- C. debenture holders
- D. All of these.

ANSWER: A

129. Public deposits obtained by a company means _____.

- A. deposits received from Government
- B. deposits received from public at large.
- C. deposits received from stockists and agent as advance.
- D. all of these.

ANSWER: B

130. . The most important advantage of a joint stock company form of business organization is that _____.

- A. the liability of its member is limited.
- B. members can conveniently transfer their shares
- C. it offers infinite scope for expansion.
- D. it mobilises vast amount of financial resources.

ANSWER: D

131. A company is called an artificial person because _____.

- A. it does not have the shape of a natural person
- B. it cannot be used in the court of law
- C. it is invisible and intangible.
- D. it exists only in contemplation of law.

ANSWER: C

132. In the co-operative organisation, the voting rights of members are _____.

- A. a in proportion to the capital paid by each member.
- B. equal, irrespective of amount of capital contribution.
- C. in proportion to the nominal value of capital held by each member.
- D. in proportion to the total finance supplied including the amount of loan by each member.

ANSWER: B

133. When an existing company offers its shares for sale to the existing shareholders, it is known as _____.

- A. private placing
- B. bonus issue.
- C. rights issue.

D. . offer for sale.

ANSWER: C

134. . Which of the following methods is not used for raising capital through the sale of new securities?

- A. by issue of prospectus
- B. Rights issue.
- C. Stock exchange placing
- D. Private placing.

ANSWER: C

135. Reserve Bank of India is a _____.

- A. statutory corporation.
- B. a company limited by guarantee.
- C. a company limited by shares
- D. an unlimited company.

ANSWER: A

136. . Dividend on preference capital will be paid _____.

- A. only when there are profits.
- B. even if there are no profits.
- C. only when directors recommend.
- D. only when share holders recommend.

ANSWER: D

137. . Which of the following securities is not redeemable?

- A. equity shares.
- B. preference shares.
- C. cumulative preference shares.
- D. debentures.

ANSWER: A

138. .Which of the following documents defines the relation of the company with outside world _____.

- A. memorandum of association.
- B. articles of association
- C. prospectus.
- D. . share application form

ANSWER: A

139. Which of the follwing document contains rules and regulations for internal management of the company?

- A. memorandum of association.
- B. articles of association
- C. prospectus.
- D. balance sheet auditors report.

ANSWER: B

140. Articles of Association can be altered by _____

- A. a resolution of the board of directors.
- B. an ordinary resolution in general meeting.
- C. a special resolution i.n general meeting
- D. obtaining permission from the company law board.

ANSWER: C

141. . Name of a company can be altered by _____.

- A. an ordinary resolution

- B. a special resolution.
- C. an approval of the central government
- D. a special resolution and with the approval of the central government.

ANSWER: A

142. Who can appoint a company secretary under the companies Act 1956?

- A. Share holders
- B. Managing director
- C. Board of directors
- D. Registrar of companies

ANSWER: C

143. . Further issue of shares can be made to _____.

- A. public .
- B. financial institution.
- C. existing share holders.
- D. debenture holders.

ANSWER: C

144. . The notice of general meeting of a company must be given at least _____.

- A. 7 days .
- B. 15 days.
- C. 21 days.
- D. 30 days.

ANSWER: C

145. Register of member is a _____.

- A. statutory book.
- B. statistical book.
- C. official book
- D. registered book

ANSWER: A

146. Shares can be forfeited by passing _____.

- A. an ordinary resolution.
- B. a board resolution
- C. special resolution.
- D. special notice.

ANSWER: B

147. .General meeting refers to _____.

- A. Shareholders meetings .
- B. Directors meetings.
- C. Creditors meetings.
- D. Debenture holder meetings.

ANSWER: A

148. . The casual vacancy in the office of director caused by resignation can be filled in only by _____.

- A. the directors
- B. . the government
- C. the shareholders.
- D. the promoters.

ANSWER: A

149. . A company cannot appoint simultaneously managing directors and _____.

- A. manager.
- B. secretary.
- C. marketing manager.
- D. supervisor.

ANSWER: A

150. . The casual vacancy in the office of director caused by resignation can be filled in only by _____.

- A. the directors.
- B. the government.
- C. the shareholders
- D. the prompters.

ANSWER: A

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